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STATE OF CALIFORNIA  
DEPARTMENT OF MANAGED HEALTH CARE  
HEALTH CARE SERVICE PLAN

1

**QUARTERLY FINANCIAL REPORTING FORM**

Submitted on 11/14/2003 10:06:28 AM

		1
1.	FOR THE QUARTER ENDING:	September 30, 2003
2.	Name:	<b>SafeGuard Health Plans, Inc. and Subsidiary</b>
3.	File Number:(Enter last three digits)                      933-0	<b>034</b>
4.	Date Incorporated or Organized:	April 13, 1974
5.	Date Licensed as a HCSP:	N/A
6.	Date Federally Qualified as a HCSP:	May 14, 1974
7.	Date Commenced Operation:	May 14, 1974
8.	Mailing Address:	95 Enterprise, Aliso Viejo, CA 92656
9.	Address of Main Administrative Office:	95 Enterprise, Aliso Viejo, CA 92656
10.	Telephone Number:	(949) 425-4300
11.	HCSP's ID Number:	95-2879515
12.	Principal Location of Books and Records:	95 Enterprise, Aliso Viejo, CA 92656
13.	Plan Contact Person and Phone Number:	Ronald Irwin Brendzel (949) 425-4300
14.	Financial Reporting Contact Person and Phone Number:	Dennis Lynn Gates (949) 425-4300
15.	President:*	James Edward Buncher
16.	Secretary:*	Ronald Irwin Brendzel
17.	Chief Financial Officer:*	Dennis Lynn Gates
18.	Other Officers:*	
19.		
20.		
21.		
22.	Directors:*	James Edward Buncher
23.		Ronald Irwin Brendzel
24.		Dennis Lynn Gates
25.		Steven Jeffrey Baileys
26.		
27.		
28.		
29.		
30.		
31.		

The officers listed on lines 15 through 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.

32.	President	James Edward Buncher <i>Signature required (please type for valid signature)</i>
33.	Secretary	Ronald Irwin Brendzel <i>Signature required (please type for valid signature)</i>
34.	Chief Financial Officer	Dennis Lynn Gates <i>Signature required (please type for valid signature)</i>
* Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement.		
35.	Check if this is a revised filing, and complete question 7 on page 2: <input type="checkbox"/>	
36.	If all dollar amounts are reported in thousands (000), check here: <input checked="" type="checkbox"/>	

Check My Work.

**STATE OF CALIFORNIA**  
**DEPARTMENT OF MANAGED HEALTH CARE**  
**HEALTH CARE SERVICE PLAN**  
  
**QUARTERLY FINANCIAL REPORTING FORM**  
  
**SUPPLEMENTAL INFORMATION**

		1
1.	Are footnote disclosures attached with this filing?	Yes <input type="button" value="v"/>
2.	Is the attached reporting form filed on a consolidated or combined basis? If "Yes", the plan is required to file consolidating or combining schedules.	No <input type="button" value="v"/>
3.	Is the plan required to file additional information (i.e. parent/affiliate financial statements, claims reports, etc.) that is required by the Department?	No <input type="button" value="v"/>
4.	Have the Restricted Assets changed from the previous quarterly filing? If "yes", complete Schedule A-2 (Restricted Assets).	No <input type="button" value="v"/>
5.	Are there any significant changes reported on Schedule G, Section III?	No <input type="button" value="v"/>
6.	If "yes", describe:	
7.	If this is a revised reporting form, what is/are the reason(s) for the revision?	

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## STATEMENT AS OF 9-30-2003 OF 933-0034 SafeGuard Health Plans, Inc. and Subsidiary

## REPORT #1 ---- PART A: ASSETS

1	2
<b>CURRENT ASSETS:</b>	Current Period
1. Cash and Cash Equivalents	1,561
2. Short-Term Investments	1,049
3. Premiums Receivable - Net	674
4. Interest Receivable	
5. Shared Risk Receivables - Net	
6. Other Health Care Receivables - Net	
7. Prepaid Expenses	109
8. Secured Affiliate Receivables - Current	
9. Unsecured Affiliate Receivables - Current	
10. Aggregate Write-Ins for Current Assets	0
11. TOTAL CURRENT ASSETS (Items 1 to 10)	3,393
<b>OTHER ASSETS:</b>	
12. Restricted Assets	50
13. Long-Term Investments	
14. Intangible Assets and Goodwill - Net	752
15. Secured Affiliate Receivables - Long-Term	
16. Unsecured Affiliate Receivables - Past Due	6,425
17. Aggregate Write-Ins for Other Assets	381
18. TOTAL OTHER ASSETS (Items 12 to 17)	7,608
<b>PROPERTY AND EQUIPMENT</b>	
19. Land, Building and Improvements	
20. Furniture and Equipment - Net	
21. Computer Equipment - Net	312
22. Leasehold Improvements -Net	3
23. Construction in Progress	
24. Software Development Costs	998
25. Aggregate Write-Ins for Other Equipment	0
26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25)	1,313
27. TOTAL ASSETS	12,314
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS</b>	
1001.	
1002.	
1003.	
1004.	
1098. Summary of remaining write-ins for Item 10 from overflow page	
1099. TOTALS (Items 1001 thru 1004 plus 1098)	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS</b>	
1701. Notes Receivable - Long-Term (Net)	379
1702. Deposit	2
1703.	
1704.	
1798. Summary of remaining write-ins for Item 17 from overflow page	
1799. TOTALS (Items 1701 thru 1704 plus 1798)	381
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT</b>	
2501.	
2502.	
2503.	
2504.	
2598. Summary of remaining write-ins for Item 25 from overflow page	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	0

## STATEMENT AS OF 9-30-2003 OF 933-0034 SafeGuard Health Plans, Inc. and Subsidiary

## REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

1	2	3	4
<b>CURRENT LIABILITIES:</b>	Current Period		
	Contracting	Non-Contracting	Total
1. Trade Accounts Payable	240	XXX	240
2. Capitation Payable	8	XXX	8
3. Claims Payable (Reported)	583		583
4. Incurred But Not Reported Claims	804		804
5. POS Claims Payable (Reported)			0
6. POS Incurred But Not Reported Claims			0
7. Other Medical Liability			0
8. Unearned Premiums	193	XXX	193
9. Loans and Notes Payable		XXX	0
10. Amounts Due To Affiliates - Current		XXX	0
11. Aggregate Write-Ins for Current Liabilities	772	0	772
12. TOTAL CURRENT LIABILITIES (Items 1 to 11)	2,600	0	2,600
<b>OTHER LIABILITIES:</b>			
13. Loans and Notes Payable (Not Subordinated)		XXX	0
14. Loans and Notes Payable (Subordinated)		XXX	0
15. Accrued Subordinated Interest Payable		XXX	0
16. Amounts Due To Affiliates - Long Term		XXX	0
17. Aggregate Write-Ins for Other Liabilities	0	XXX	0
18. TOTAL OTHER LIABILITIES (Items 13 to 17)	0	XXX	0
19. TOTAL LIABILITIES	2,600	0	2,600
<b>NET WORTH</b>			
20. Common Stock	XXX	XXX	25
21. Preferred Stock	XXX	XXX	
22. Paid In Surplus	XXX	XXX	5,651
23. Contributed Capital	XXX	XXX	
24. Retained Earnings (Deficit)/Fund Balance	XXX	XXX	4,038
25. Aggregate Write-Ins for Other Net Worth Items	XXX	XXX	0
26. TOTAL NET WORTH (Items 20 to 25)	XXX	XXX	9,714
27. TOTAL LIABILITIES AND NET WORTH	XXX	XXX	12,314
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES</b>			
1101. Liabilities due on sale of Assets of Discontinued Operations	215		215
1102. Purchase price payable for acquisition of Ameritas	294		294
1103. Accrued Audit	134		134
1104. Accrued Other	129		129
1198. Summary of remaining write-ins for Item 11 from overflow page			0
1199. TOTALS (Items 1101 thru 1104 plus 1198)	772	0	772
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES</b>			
1701.		XXX	0
1702.		XXX	0
1703.		XXX	0
1704.		XXX	0
1798. Summary of remaining write-ins for Item 17 from overflow page		XXX	0
1799. TOTALS (Items 1701 thru 1704 plus 1798)	0	XXX	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS</b>			
2501.	XXX	XXX	
2502.	XXX	XXX	
2503.	XXX	XXX	
2504.	XXX	XXX	
2598. Summary of remaining write-ins for Item 25 from overflow page	XXX	XXX	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	XXX	XXX	0

Continue Checking.

## STATEMENT AS OF 9-30-2003 OF 933-0034 SafeGuard Health Plans, Inc. and Subsidiary

## REPORT #2: REVENUE, EXPENSES AND NET WORTH

	1	2
	Current Period	Year-To-Date
<b>REVENUES:</b>		
1. Premiums (Commercial)	8,722	25,331
2. Capitation		
3. Co-payments, COB, Subrogation		
4. Title XVIII - Medicare		
5. Title XIX - Medicaid		
6. Fee-For-Service		
7. Point-Of-Service (POS)		
8. Interest	26	84
9. Risk Pool Revenue		
10. Aggregate Write-Ins for Other Revenues	0	0
11. TOTAL REVENUE (Items 1 to 10)	8,748	25,415
<b>EXPENSES:</b>		
<b>Medical and Hospital</b>		
12. Inpatient Services - Capitated		
13. Inpatient Services - Per Diem		
14. Inpatient Services - Fee-For-Service/Case Rate		
15. Primary Professional Services - Capitated		
16. Primary Professional Services - Non-Capitated		
17. Other Medical Professional Services - Capitated	3,052	8,824
18. Other Medical Professional Services - Non-Capitated	2,054	6,147
19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS	62	115
20. POS Out-Of-Network Expense		
21. Pharmacy Expense - Capitated		
22. Pharmacy Expense - Fee-for-Service		
23. Aggregate Write-Ins for Other Medical and Hospital Expenses	1,002	2,935
24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23)	6,170	18,021
<b>Administration</b>		
25. Compensation	1,526	4,514
26. Interest Expense		
27. Occupancy, Depreciation and Amortization	138	366
28. Management Fees	910	2,461
29. Marketing	464	1,497
30. Affiliate Administration Services	-908	-3,026
31. Aggregate Write-Ins for Other Administration	-97	270
32. TOTAL ADMINISTRATION (Items 25 to 31)	2,033	6,082
33. TOTAL EXPENSES	8,203	24,103
34. INCOME (LOSS)	545	1,312
35. Extraordinary Item		
36. Provision for Taxes		
37. NET INCOME (LOSS)	545	1,312
<b>NET WORTH:</b>		
38. Net Worth Beginning of Period	9,157	9,157
39. Audit Adjustments		
40. Increase (Decrease) in Common Stock		
41. Increase (Decrease) in Preferred Stock		
42. Increase (Decrease) in Paid in Surplus		
43. Increase (Decrease) in Contributed Capital		
44. Increase (Decrease) in Retained Earnings:		
45. Net Income (Loss)	545	1,312
46. Dividends to Stockholders		
47. Aggregate Write-Ins for Changes in Retained Earnings	0	0
48. Aggregate Write-Ins for Changes in Other Net Worth Items	0	0
49. NET WORTH END OF PERIOD (Items 38 to 48)	9,714	9,714

## STATEMENT AS OF 9-30-2003 OF 933-0034 SafeGuard Health Plans, Inc. and Subsidiary

## REPORT #2: REVENUE, EXPENSES AND NET WORTH

1	2	3
	Current Period	Year-to-Date
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES</b>		
1001.		
1002.		
1003.		
1004.		
1005.		
1006.		
1098. Summary of remaining write-ins for Item 10 from overflow page		
1099. TOTALS (Items 1001 thru 1006 plus 1098)	0	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EXPENSES</b>		
2301. Healthcare related compensation	961	2,830
2302. Provider credentialing and quality reviews	36	94
2303. Other indirect healthcare services	5	11
2304.		
2305.		
2306.		
2398. Summary of remaining write-ins for Item 23 from overflow page		
2399. TOTALS (Items 2301 thru 2306 plus 2398)	1,002	2,935
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES</b>		
3101. Professional services	16	34
3102. Licenses, fees, and taxes	36	126
3103. Other administrative expenses	-188	33
3104. Postage, freight, printing and supplies	5	8
3105. Amortization of intangible assets	34	69
3106.		
3198. Summary of remaining write-ins for Item 31 from overflow page		
3199. TOTALS (Items 3101 thru 3106 plus 3198)	-97	270
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS</b>		
4701.		
4702.		
4703.		
4704.		
4705.		
4706.		
4798. Summary of remaining write-ins for Item 47 from overflow page		
4799. TOTALS (Items 4701 thru 4706 plus 4798)	0	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH ITEMS</b>		
4801.		
4802.		
4803.		
4804.		
4805.		
4806.		
4898. Summary of remaining write-ins for Item 48 from overflow page		
4899. TOTALS (Items 4801 thru 4806 plus 4898)	0	0

**REPORT #3: STATEMENT OF CASH FLOWS**

1	2	3
	Current Period	Year-to-Date
<b>CASH FLOW PROVIDED BY OPERATING ACTIVITIES</b>		
1. Group/Individual Premiums/Capitation	8,359	25,465
2. Fee-For-Service	Continue Checking.	
3. Title XVIII - Medicare Premiums		
4. Title XIX - Medicaid Premiums		
5. Investment and Other Revenues		
6. Co-Payments, COB and Subrogation		
7. Medical and Hospital Expenses	-4,881	-14,651
8. Administration Expenses	-2,936	-8,744
9. Federal Income Taxes Paid		
10. Interest Paid	26	84
11. NET CASH PROVIDED BY OPERATING ACTIVITIES	568	2,154
<b>CASH FLOW PROVIDED BY INVESTING ACTIVITIES</b>		
12. Proceeds from Restricted Cash and Other Assets		
13. Proceeds from Investments	1	1,105
14. Proceeds for Sales of Property, Plant and Equipment		
15. Payments for Restricted Cash and Other Assets	31	-856
16. Payments for Investments	-79	-887
17. Payments for Property, Plant and Equipment	-305	-638
18. NET CASH PROVIDED BY INVESTING ACTIVITIES	-352	-1,276
<b>CASH FLOW PROVIDED BY FINANCING ACTIVITIES:</b>		
19. Proceeds from Paid in Capital or Issuance of Stock		
20. Loan Proceeds from Non-Affiliates	82	102
21. Loan Proceeds from Affiliates		
22. Principal Payments on Loans from Non-Affiliates		
23. Principal Payments on Loans from Affiliates	312	-193
24. Dividends Paid		
25. Aggregate Write-Ins for Cash Provided by Financing Activities	0	0
26. NET CASH PROVIDED BY FINANCING ACTIVITIES	394	-91
27. NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26)	610	787
28. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER	951	774
29. CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	1,561	1,561
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
30. Net Income	545	1,312
<b>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</b>		
31. Depreciation and Amortization	145	374
32. Decrease (Increase) in Receivables	55	494
33. Decrease (Increase) in Prepaid Expenses	32	67
34. Decrease (Increase) in Affiliate Receivables		
35. Increase (Decrease) in Accounts Payable	46	2
36. Increase (Decrease) in Claims Payable and Shared Risk Pool	225	320
37. Increase (Decrease) in Unearned Premium	-418	-360
38. Aggregate Write-Ins for Adjustments to Net Income	-62	-55
39. TOTAL ADJUSTMENTS (Items 31 through 38)	23	842
40. NET CASH PROVIDED BY OPERATING ACTIVITIES (Item 30 adjusted by Item 39 must agree to Item 11)	568	2,154
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES</b>		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Item 25 from overflow page		
2599. TOTALS (Items 2501 thru 2503 plus 2598)	0	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME</b>		
3801. Gain on liquidation of notes receivable	-24	-24
3802. Increase (Decrease) in Liabilities due on sale of Assets of Discontinued Operations	-16	-61
3803. Change in Capitation Payable, Accrued Audit and Accrued Other	-22	30
3898. Summary of remaining write-ins for Item 38 from overflow page		
3899. TOTALS (Items 3801 thru 3803 plus 3898)	-62	-55



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**REPORT #4: ENROLLMENT AND UTILIZATION TABLE****TOTAL ENROLLMENT**

1 Source of Enrollment	2 Total Enrollees At End of Previous Period	3 Additions During Period	4 Terminations During Period	5 Total Enrollees at End of Period	6 Cumulative Enrollee Months for Period	Total Member Ambulatory Encounters for Period			10 Total Patient Days Incurred	11 Annualized Hospital Days/1000	12 Average Length of Stay
						7 Physicians	8 Non-Physicians	9 Total			
1. Group (Commercial)	286,378		567	285,811	855,834			0		0	
2. Medicare Risk				0				0			
3. Medi-Cal Risk				0				0			
4. Individual				0				0			
5. Point of Service				0				0			
6. Aggregate write-ins for Other	0	0	0	0	0	0	0	0	0		
7. Total Membership	286,378	0	567	285,811	855,834	0	0	0	0	0	
DETAILS OF WRITE-INS AGGREGATED AT ITEM 6 FOR OTHER SOURCES OF ENROLLMENT				Continue Checking							
601. Small Group				0				0			
602. Healthy Families				0				0			
603. AIM				0				0			
604. Medicare Cost				0				0			
605. ASO				0		N/A	N/A	N/A	N/A	N/A	N/A
606. PPO				0				0			
607.				0				0			
608.				0				0			
609.				0				0			
610.				0				0			
611.				0				0			
612.				0				0			
Summary of remaining write-ins for											
698. Item 6 from overflow page				0				0			
Totals (lines 601 through 612 plus											
699, 698) (Line 6 above)	0	0	0	0	0	0	0	0	0		

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**SCHEDULE A-1 (CASH)**

1	2	3
Name of Depository (List all accounts even if closed during the period)	Account Number	Balance*
1. Wells Fargo Bank	4375-65-8861	1,531
2. Wells Fargo Bank	4375-65-9034	0
3. Wells Fargo Bank	4375-65-8960	-41
4. Wells Fargo Bank	8180005848	6
5. US Bank	1-534-9099-7654	65
6.		
7.		
8.		
9. Total Cash on Deposit		1,561
10. Cash on Hand (Petty Cash)		
11. Total Cash on Hand and on Deposit (Report #1, Part A, Line 1)		1,561

**SCHEDULE A-2 RESTRICTED ASSETS**

1	2	3
Name of Depository (List all accounts even if closed during the period)	Account Number	Balance*
12. Bank of America	14565-00296	50
13.		
14.		
15.		
16.		
17.		
18.		
19. Total Restricted Assets		50

\* Indicate the Balance Per the HMO's Records

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## STATEMENT AS OF 9-30-2003 OF 933-0034 SafeGuard Health Plans, Inc. and Subsidiary

**SCHEDULE C - PREMIUMS RECEIVABLE (Other than Affiliates)**

Individually list all debtors (commercial only) with account balances greater than 5% of gross Premiums Receivable. Group the total of all other premiums receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	NONE OVER 5% OF TOTAL		674			674
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0
24.						0
25.						0
26.						0
27.						0
28.						0
29.						0
30.						0
31.						0
32.						0
33.						0
34.						0
35.						0
36.						0
37.						0
38.						0
39.						0
40.						0
41.						0
42.						0
43.						0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed					0
55.	Total	0	674	0	0	674

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## STATEMENT AS OF 9-30-2003 OF 933-0034 SafeGuard Health Plans, Inc. and Subsidiary

**SCHEDULE D**  
**HEALTH CARE RECEIVABLES &**  
**AMOUNTS DUE FROM PARENT, SUBSIDIARIES, AND AFFILIATES**

Individually list all debtors with account balances greater than 10% of gross Receivables. Group the total of all other receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	SafeGuard Health Enterprises, Inc. (Parent)				6,425	6,425
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0
24.						0
25.						0
26.						0
27.						0
28.						0
29.						0
30.						0
31.						0
32.						0
33.						0
34.						0
35.						0
36.						0
37.						0
38.						0
39.						0
40.						0
41.						0
42.						0
43.						0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed					0
55.	Total	0	0	0	6,425	6,425

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## STATEMENT AS OF 9-30-2003 OF 933-0034 SafeGuard Health Plans, Inc. and Subsidiary

## SCHEDULE F - ACCOUNTS PAYABLE

Individually list all creditors with account balances greater than 5% of total trade accounts payable. Group the total of all other payables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed - Due." Report accounts payable from the initial date of billing or due date under contract.

1	2	3	4	5	6	7
Name of Debtor	1-30 Days	31-60 Days	61-90 Days	91-120 Days	Over 120 Days	Total
1. Aggregate Accounts Not Individually Listed - Due	240					240
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23. Aggregate Accounts Not Individually Listed - Due						0
24. Total	240	0	0	0	0	240

\*\*

**SCHEDULE G - UNPAID CLAIMS ANALYSIS**  
**SECTION I - CLAIMS UNPAID**

	1	2	3
Type of Claim	Reported Claims in Process of Adjustment	Estimated Incurred but Unreported	Total - Unpaid Claims (Columns 4+5 of Section II)
1. Inpatient Claims			0
2. Physician Claims			0
3. Referral Claims	583	804	1,387
4. Other Medical			0
5. TOTAL	583	804	1,387

**SECTION II - ANALYSIS OF CLAIMS UNPAID - PREVIOUS YEAR (FILE ANNUAL ONLY)**

1 Type of Claim	Claims Paid During the Fiscal Year		Unpaid Claims During the Fiscal Year		6 Total Claims (Paid and Unpaid) for the Previous Fiscal Year (2+4)	7 Estimated Liability of Unpaid Claims Prior to the first day of the Prior Year
	2 On Claims Incurred Prior to the first day of the Current Fiscal Year	3 On Claims Incurred During the Fiscal Year	4 On Claims Unpaid Prior to the first day of the Previous Fiscal Year	5 On Claims Incurred During the Year		
6. Inpatient Claims					0	
7. Physician Claims					0	
8. Referral Claims	728	5,088	25	1,080	753	1,035
9. Other Medical					0	
10. TOTAL	728	5,088	25	1,080	753	1,035

**SECTION III - INVENTORY OF CLAIMS TO BE PROCESSED\***

	1 Month Ending	2 Beginning Balance Number of Claims in inventory on the 1st of each month	3 Add - Claims Received during the month	4 Deduct - Claims paid during the month	5 Deduct - Claims denied during the month	6 Add/Deduct - Adjustments	7 Ending Balance Number of claims in inventory at the end of the month
11.							
12.	October 31, 2002	284	1,986	1,950	89		231
13.	November 30, 2002	231	1,792	1,724	51		248
14.	December 31, 2002	248	1,597	1,514	55		276
15.	January 31, 2003	276	1,934	1,710	79		421
16.	February 28, 2003	421	1,635	1,485	71		500
17.	March 31, 2003	500	2,039	1,824	82		633
18.	April 30, 2003	633	1,863	1,836	97		563
19.	May 31, 2003	563	1,947	2,011	110		389
20.	June 30, 2003	389	1,877	1,520	80		666
21.	July 31, 2003	666	1,756	1,795	109		518
22.	August 30, 2003	518	2,102	2,461	100		59
23.	September 30, 2003	59	1,168	0	27		1,200

\* Describe any significant changes reported on Schedule G, Section III in the Supplemental Schedule (Page 2).

\*\*



**STATEMENT AS OF 9-30-2003 OF 933-0034 SafeGuard Health Plans, Inc. and Subsidiary**

**SCHEDULE H - AGING OF ALL CLAIMS**

Age all claims on hand at the end of each month. Use the date of receipt to determine the number of days the claims is outstanding. The amount reported in Column 6 should equal the amount Reported on Schedule G, Section III, Column 7.

	1	2	3	4	5	6
1.	Month Ending	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
2.	October 31, 2002	231				231
3.	November 30, 2002	248				248
4.	December 31, 2002	276				276
5.	January 31, 2003	421				421
6.	February 28, 2003	500				500
7.	March 31, 2003	633				633
8.	April 30, 2003	563				563
9.	May 31, 2003	389				389
10.	June 30, 2003	666				666
11.	July 31, 2003	518				518
12.	August 31, 2003	59				59
13.	September 30, 2003	1,200				1,200

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**STATEMENT AS OF 9-30-2003 OF 933-0034 SafeGuard Health Plans, Inc. and Subsidiary**

**SCHEDULE I - ANALYSIS OF TOTAL MEDICAL LIABILITY TO ACTUAL CLAIMS PAID**

Using the Plan's Lag Tables, complete the following table. Provide claim information the current quarter and the previous seven quarters. An actuarial certification may be submitted in lieu of this schedule.

Reported Accrual				
1	2	3	4	5
Quarter Ending Date	Total Medical Liability*	Amount Paid-To-Date	Difference - Column (2-3)	Outstanding Liability (Based on plan's lag)
1. September 30, 2003	1,387	XXX	1,387	
2. June 30, 2003	1,162	1,098	64	
3. March 31, 2003	1,205	1,178	27	
4. December 31, 2002	1,035	1,023	12	
5. September 30, 2002	967	963	4	
6. June 30, 2002	869	869	0	
7. March 31, 2002	1,037	1,037	0	
8. December 31, 2001	1,469	1,469	0	

\* Should tie to Report #1, Part B, Columns 1 & 2, Lines 3 through 7.

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NOTES TO FINANCIAL STATEMENTS	
1.	See Attached Word Document
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## STATEMENT AS OF 9-30-2003 OF 933-0034 SafeGuard Health Plans, Inc. and Subsidiary

**KNOX-KEENE**  
**SUPPLEMENTAL INFORMATION**  
**PURSUANT TO SECTIONS 1300.84.06, 1300.84.2 AND 1374.68**

	1	2	3	4	5
A.	<b>Explanation of the method of calculating the provision for incurred and unreported claims:</b>				
1.					
B.	<b>Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below:</b>				
	<u>Name of Debtor</u>	<u>Nature of Relationship</u>	<u>Nature of Receivable</u>	<u>Amount</u>	<u>Terms</u>
2.	SafeGuard Health Enterprises, Inc	Parent	Intercompany loans	6,425	On demand
3.					
4.					
5.					
6.					
C.	<b>Donated materials or services received by the reporting entity for the period of the financial statements, as detailed below:</b>				
	<u>Donor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Valuation Method</u>	<u>Amount</u>	
7.	NONE	N/A	N/A	N/A	
8.					
9.					
10.					
11.					
D.	<b>Forgiven debt or obligations, as detailed below:</b>				
	<u>Creditor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Summary of How Obligation Arose</u>	<u>Amount</u>	
12.	NONE	N/A	N/A	N/A	
13.					
14.					
15.					
E.	<b>Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules:</b>				
16.	Net Equity			\$	9,714
17.	Add: Subordinated Debt			\$	
18.	Less: Receivables from officers, directors, and affiliates			\$	6,425
19.	Intangibles			\$	752
20.	Tangible Net Equity (TNE)			\$	2,537
21.	Required Tangible Net Equity (See Page 22)			\$	634
22.	TNE Excess (Deficiency)			\$	1,903
F.	<b>Percentage of administrative costs to revenue obtained from subscribers and enrollees:</b>				
23.	Revenue from subscribers and enrollees			\$	25,331
24.	Administrative Costs			\$	6,083
25.	Percentage				24
26.	<b>The amount of health care expenses incurred during the six month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees:</b>			\$	115
27.	Total costs for health care services for the immediately preceding six months:			\$	10,295
28.	Percentage				1

		1
<p>G. If the amount of health care expenses incurred during the six month period immediately preceding the date of the report which <u>were or will be</u> paid to noncontracting providers or directly reimbursed to subscribers and enrollees exceeds 10% of the total costs for health care services for the immediately preceding six months, the following information, determined as of the date of the reports, shall be provided:</p>		
29. Amount of all claims for noncontracting provider services received for reimbursement but not yet processed:	\$	N/A
30. Amount of all claims for noncontracting provider services denied for reimbursement during the previous 45 days:	\$	N/A
31. Amount of all claims for noncontracting provider services approved for reimbursement but not yet paid:	\$	N/A
32. An estimate of the amount of claims for noncontracting provider services incurred, but not reported:	\$	N/A
33. Compliance with Section 1377(a) as determined in accordance with such section, as follows:		
34. Cash & cash equivalents maintained	\$	
35. Noncontracting provider claims (aggregate of total of items 29 - 32 above)	\$	0
36. Cash & cash equivalents reported to be maintained (120% x Line 35)	\$	0
37. Deposit required (100% of Line 36)	\$	0
38. Excess (deficient) reserves (Line 34 - Line 37)	\$	0
Percentage of premium revenue earned from point-of-service plan contracts:		
39. Premium revenue earned from point-of-service plan contracts	\$	N/A
40. Total premium revenue earned	\$	
41. Percentage		0
Percentage of total health care expenditures incurred for enrollees for out-of-network services for point-of-service enrollees:		
42. Health care expenditures for out-of-network services for point-of-service enrollees	\$	N/A
43. Total health care expenditures	\$	
44. Percentage		0
45. Point-of-Service Enrollment at end of period		
Total Ambulatory encounters for period for point-of-service enrollees:		
46. Physician		
47. Non-Physician		
48. Total		0
49. Total Patient Days Incurred for Point-of-Service enrollees		N/A
50. Annualized Hospital Days/1000 for Point-of-Service enrollees		N/A
51. Average Length of Stay for Point of Service enrollees		N/A
52. Compliance with Section 1374.68(a) as follows:		
53. Current Monthly Claims Payable for out-of-network coverage or services provided under Point-of-Service Contracts:	\$	N/A
54. Current monthly incurred but not reported claims balance for out-of-network coverage or services provided under Point-of-Service contracts	\$	N/A
55. Total	\$	0
56. Total times 120%	\$	0
57. Deposit (Greater of Line 56 or minimum of \$200,000)	\$	N/A

**STATEMENT AS OF 9-30-2003 OF 933-0034 SafeGuard Health Plans, Inc. and Subsidiary**

**REQUIRED TANGIBLE NET EQUITY (TNE) CALCULATION:**

TNE required must be equal to the GREATER of "A" "B" or "C" below (See Rule 1300.76)

		Full Service Plans		Specialized Plans	
		1		2	
<b>A.</b>	Minimum TNE Requirement	\$ 1,000,000		Minimum TNE Requirement	\$ 50,000
<b>B.</b>	REVENUES:				
1.	2% of the first \$150 million of annualized premium revenues	\$		2% of the first \$7.5 million of annualized premium revenue	\$ 150
	Plus			Plus	
2.	1% of annualized premium revenues in excess of \$150 million	\$		1% of annualized premium revenue in excess of \$7.5 million	\$ 263
3.	Total	\$ 0		Total	\$ 413
<b>C.</b>	HEALTHCARE EXPENDITURES:				
4.	8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$		8% of the first \$7.5 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$ 600
	Plus			Plus	
5.	4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis.	\$		4% of annualized health care expenditures in excess of \$7.5 million except those paid on a capitated or managed hospital payment basis.	\$ 34
	Plus			Plus	
6.	4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$		4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$
7.	Total	\$ 0		Total	\$ 634
8.	Required "TNE" - Greater of "A" "B" or "C"	\$		Required "TNE" - Greater of "A" "B" or "C"	\$ 634

**KNOX -KEENE  
SUPPLEMENTAL INFORMATION  
PURSUANT TO SECTIONS 1374.64**

**POINT OF SERVICE TANGIBLE NET EQUITY CALCULATION**

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

	1	
1. Net Equity	\$	9,714
2. Add: Subordinated Debt	\$	
3. Less: Receivables from officers, directors, and affiliates	\$	
4. Intangibles	\$	
5. Tangible Net Equity (TNE)	\$	9,714
6. Required Tangible Net Equity (From Line 10 or 13 below)	\$	
7. TNE Excess (Deficiency)	\$	9,714
<b>ADJUSTED MINIMUM TANGIBLE NET EQUITY CALCULATION</b> (Complete Section I or II):		
<b>I. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(1) or (2):</b>		
8. Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2)	\$	
9. 10% of annualized health care expenditures for out-of-network service for point-of-service enrollees	\$	
10. Add lines 8 and 9	\$	0
<b>II. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(3):</b>		
<b><u>PART A</u></b>		
11. Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 24)	\$	
12. 10% of annualized health care expenditures for out-of-network services for point-of-service enrollees	\$	
13. Add lines 11 and 12	\$	0
<b>III. MINIMUM TNE REQUIREMENT TO DETERMINE MONTHLY REPORTING</b>		
14. Line 5 (above)	\$	9,714
15. Multiply Line 6 (above) by 130%	\$	0
16. Difference (Line 14 - Line 15)	\$	9,714
<b>If Line 14 is less than Line 15, then monthly reporting is required</b>		



## STATEMENT AS OF 9-30-2003 OF 933-0034 SafeGuard Health Plans, Inc. and Subsidiary

## WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

	1 Full Service Plans	2 Specialized Plans
1. Health care expenditures for period	\$ <input type="text"/>	\$ <input type="text"/>
Less:		
2. Capitated or managed hospital payment basis expenditures	<input type="text"/>	<input type="text"/>
3. Health care expenditures for out-of-network services for point-of-service enrollees	<input type="text"/>	<input type="text"/>
4. Result	<input type="text" value="0"/>	<input type="text" value="0"/>
5. Annualized	<input type="text"/>	<input type="text"/>
6. Reduce to maximum of \$150 million	<input type="text"/>	<input type="text"/>
7. Multiply by 8%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
8. Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
9. Less \$150 million	<input type="text"/>	<input type="text"/>
10. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
11. Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
12. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
13. Total	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>

**STATEMENT AS OF 9-30-2003 OF 933-0034 SafeGuard Health Plans, Inc. and Subsidiary**

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